



Weekly Ag Update

USDA/NASS
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Crop Weather

Farm Labor

Dairy Outlook

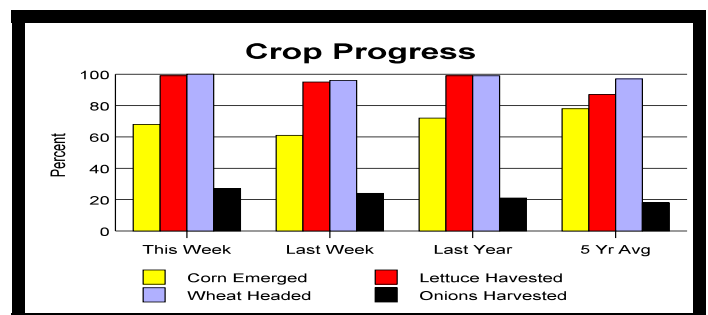
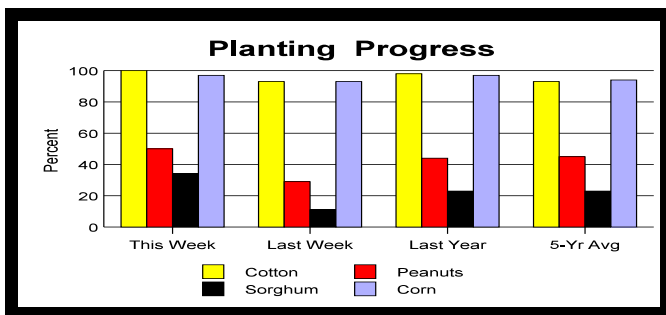
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CROP SUMMARY FOR THE WEEK ENDING MAY 28, 2006

NEW MEXICO: There were 7.0 days suitable for field work. Topsoil moisture was 55% very short, 38% short, and 7% adequate. Wind damage was 27% light, 3% moderate, and 11% severe with reports of what moisture had been received on pastureland now being depleted. Farmers spent the week planting corn, cotton and peanuts. Harvest of hay and onions continued, with lettuce harvest wrapping up. Alfalfa was reported as 1% very poor, 1% poor 60% fair, 23% good and 15% excellent with 98% of the first cutting complete and 32% of the second cutting complete. Irrigated winter wheat condition was reported as mostly fair to good, while dryland wheat condition was reported in poor to very poor. Total wheat headed was 100% headed. Peanuts were reported as 50% planted. Pecan conditions were mostly fair to excellent with average nut set. Cotton was reported as 30% fair, 32% good and 38% excellent with 100% planted. Chile condition was reported as 15% fair, 65% good and 23% excellent. Onions were in mostly good to excellent condition with 27% harvested. Corn condition was in mostly fair to good condition with 97% planted and 68% emerged. Ranchers continue to supplement feed and haul water with reports of low weight gains. Reports of ranchers selling stock were received. Cattle conditions were reported at 6% very poor, 9% poor, 49% fair, 27% good and 9% excellent. Sheep were 7% very poor, 14% poor, 64% fair, and 15% good. Ranges and pastures are needing moisture with conditions reported as 28% very poor, 37% poor, 25% fair, and 10% good. Grassland fires in extremely dry conditions were to blame for livestock deaths.

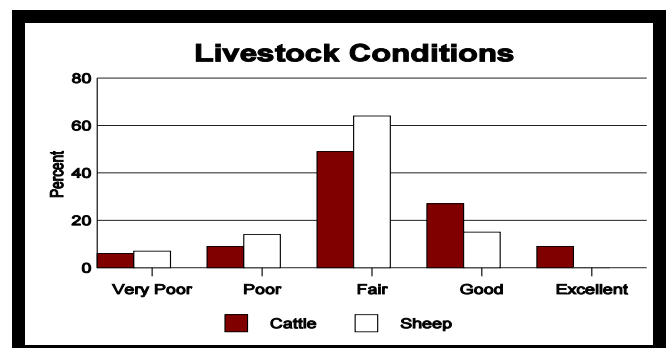
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CORN	Planted	97	93	97	94
CORN	Emerged	68	61	72	78
COTTON	Planted	100	93	98	93
LETTUCE	Harvested	100	95	99	87
ONIONS	Harvested	27	24	21	18
PEANUTS	Planted	50	29	44	45
SORGHUM (ALL)	Planted	34	11	23	23
WHEAT (ALL)	Headed	100	98	99	97



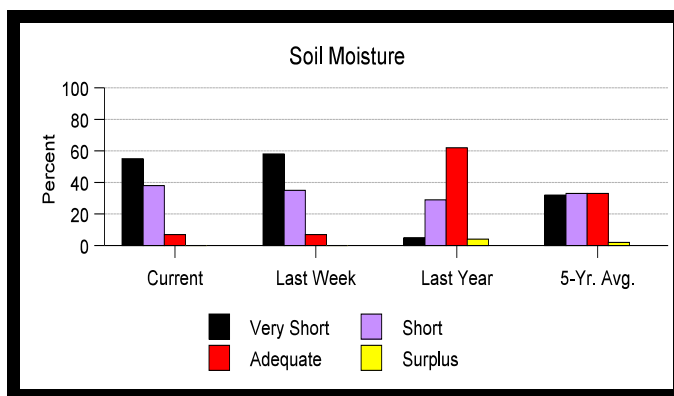
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	1	1	60	23	15
Apples	---	---	67	33	---
Chile	---	---	15	65	20
Corn	---	---	52	41	7
Cotton	---	---	30	32	38
Pecans	---	---	34	22	44
Onions	---	---	12	50	38
Wheat (All)	57	11	21	11	---
Cattle	6	9	49	27	9
Sheep	7	14	64	15	---
Range/Pasture	28	37	25	10	---



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	35	60	5	---
Northeast	62	34	4	---
Southwest	75	25	---	---
Southeast	33	50	17	---
State Current	55	38	7	---
State-Last Week	58	35	7	---
State-Last Year	5	29	62	4
State-5-Yr Avg.	32	33	33	2



WEATHER SUMMARY

It was a very warm week in New Mexico, with temperatures well above normal statewide. Anomalies were as great as 10 to 15 degrees in the northeast. Some afternoon readings hit 100 degrees at Carlsbad, Roswell, and Tucumcari. It was also a windy week statewide. Precipitation was limited to some spotty showers and thunderstorms over the far north. Red River (.31") recorded the greatest total for the week.

NEW MEXICO WEATHER CONDITIONS - MAY 22-28, 2006

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	05/22 05/28	05/01 05/28	Normal May	01/01 05/28	Normal Jan-May
Farmington	67.1	92	41	0.00	0.05	0.67	1.74	3.15
Gallup	64.0	87	38	0.00	0.04	0.51	1.56	3.74
Capulin	65.7	88	39	0.11	0.86	2.30	2.10	5.16
Chama	56.6	84	27	0.08	0.14	1.11	3.62	7.72
Johnson Ranch	62.1	89	37	0.00	0.22	0.62	0.46	3.09
Las Vegas	66.0	88	46	0.00	1.16	1.82	1.45	4.36
Los Alamos	66.1	83	43	0.00	0.16	1.17	1.50	5.05
Raton	66.7	90	43	0.00	0.52	2.27	1.11	5.17
Red River	52.9	77	29	0.31	0.88	1.77	7.08	7.52
Santa Fe	65.9	90	41	0.00	0.29	1.22	1.03	4.09
Clayton	74.6	96	49	0.01	0.46	1.99	1.54	4.03
Clovis	77.9	98	57	0.00	0.46	1.87	2.33	4.17
Roy	69.8	91	50	0.04	1.00	1.84	1.66	3.98
Tucumcari	78.7	101	58	0.00	1.18	1.49	2.10	3.49
Grants	64.2	89	39	0.00	0.01	0.53	0.90	2.48
Quemado	60.4	89	32	0.00	0.00	0.50	1.15	3.45
Albuquerque	73.9	92	56	0.00	0.00	0.50	0.31	2.46
Carrizozo	71.9	93	46	0.00	0.13	0.62	0.70	2.72
Socorro	70.6	94	44	0.00	0.17	0.52	0.23	1.93
Gran Quivera	69.4	90	49	0.00	0.00	0.82	0.27	3.70
Moriarty	66.6	91	43	0.00	0.21	0.97	0.76	3.07
Ruidoso	62.6	85	40	0.00	0.35	0.87	1.63	5.11
Carlsbad	82.3	103	60	0.00	0.16	1.16	2.27	2.65
Roswell	77.1	100	54	0.00	0.54	1.24	1.01	3.23
Tatum	76.4	98	51	0.00	0.05	2.09	2.34	4.14
Alamogordo	79.6	97	64	0.00	0.02	0.45	0.49	2.38
Animas	68.1	95	36	0.00	0.00	0.18	0.38	2.04
Deming	75.2	99	52	0.00	0.00	0.19	0.58	1.73
Las Cruces	77.6	99	58	0.00	0.36	0.29	0.58	1.55
T or C	77.5	97	58	0.00	0.18	0.49	0.31	1.89

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

QUARTERLY FARM LABOR

NEW MEXICO-ARIZONA: There were 17,000 hired workers on farms and ranches in New Mexico and Arizona during the week of April 9-15, 2006, down 6 percent from last April. Average hours worked by all hired workers increased to 48.7 hours a week compared to 44.8 hours last year. Wage rates for field workers were up from last April, at \$8.14 an hour, an increase of 19 cents. Livestock worker wages dropped to \$9.13, compared to \$9.40 an hour in April 2005. Overall, average wage rates for all hired agricultural workers held steady at \$9.17 an hour, down 1 cent from this time last year.

UNITED STATES: There were 956,000 hired workers on the Nation's farms and ranches during the week of April 9-15, 2006, down 4 percent from a year ago. Of these hired workers, 718,000 workers were hired directly by farm operators. Agricultural service employees on farms and ranches made up the remaining 238,000 workers. Farm operators paid their hired workers an average wage of \$9.79 per hour during the April 2006 reference week, up 44 cents from a year earlier. Field workers received an average of \$8.96 per hour, up 40 cents from last April, while livestock workers earned \$9.30 per hour compared with \$9.14 a year earlier. The field and livestock worker combined wage rate, at \$9.07 per hour, was up 35 cents from last year. The number of hours worked averaged 40.8 hours for hired workers during the survey week, up 2 percent from a year ago.

**Workers on Farms, Hours worked Per Week, and Wage Rates for All Hired Workers,
Selected Regions and U.S., April 2005-2006 ^{1/}**

	Mountain II ^{2/}		Mountain III ^{3/}		Southern Plains ^{4/}		United States ^{5/}	
	Apr 10-16 2005	Apr 9-15 2006	Apr 10-16 2005	Apr 9-15 2006	Apr 10-16 2005	Apr 9-15 2006	Apr 10-16 2005	Apr 9-15 2006
Workers on Farms	-----Thousands-----							
All Hired Workers	20	19	18	17	55	55	753	718
Hours Worked	-----Hours Per Week-----							
All Hired Workers	41.6	50.6	44.8	48.7	42.3	39.2	39.9	40.8
Wages By Work	-----Dollars Per Hour-----							
Field	7.70	8.39	7.95	8.14	8.13	8.24	8.56	8.96
Livestock	8.41	8.98	9.40	9.13	9.15	9.06	9.14	9.30
Field & Livestock	8.02	8.65	8.51	8.60	8.53	8.64	8.72	9.07
All Workers	8.50	9.08	9.18	9.17	9.28	9.37	9.35	9.79

^{1/} Excludes agricultural service workers. ^{2/} Mountain Region II consists of CO, NV & UT. ^{3/} Mountain Region III consists of AZ & NM. ^{4/} Southern Plains region consists of OK & TX. ^{5/} Excludes AK.

DAIRY OUTLOOK

USDA, ERS, MAY 18, 2006

Milk Production Continues To Expand in 2007, but Prices Will be Sharply Lower in 2006: USDA forecasts 2007 milk production at 183.1 billion pounds, up from 182 billion projected for 2006. Production in 2006 is expected to be 2.8 percent higher than 2005's output.

Production will rise because both cow population and output per animal are expected to continue to rise in both 2006 and 2007. A decline in cow numbers is not expected until the second half of 2007 and then the decline will be a scant 0.3 percent. Quarterly milk output per cow is expected to continue a modest upward movement based on quarter-to-quarter comparisons.

The milk feed price ratio is pegged between 2.5 and 3.0. This should signal the end of expansion but is not low enough to trigger a major liquidation. Cow numbers will likely expand through the second quarter of 2006, hold steady in the third quarter, and then begin a decline that will continue through 2007. The delay is predicated on the notion that most producers make their "keep or cull" decisions in the late summer. Lower year-over-year heifer prices this spring may indicate a weakening demand for replacements and could lead to more culling by summer's end. Expected higher feed prices in the upcoming crop year and continued declines in milk prices throughout 2006 could provide an incentive for smaller operators to exit. However, exit decisions will likely be delayed until later in the season when Milk Income Loss Contract Program payments are assured.

Commercial use on a fat basis is expected to total 185.2 billion pounds in 2006 compared with 179.7 in 2005. On a skim solids basis, commercial use is projected to reach 184.4 billion pounds, up from 180.7 in 2005. A strong domestic macroeconomic outlook and substantially lower prices in 2006 for cheese, butter, and Nonfat Dry Milk (NDM) are the basis for a stronger demand outlook for the season. Commercial use for NDM will likely be supported by exports of NDM. Robust demand in Asia, a weaker U.S. dollar, lower U.S. prices, and continued tight exporter supplies form the basis for an optimistic forecast.

The decline in the all milk price that began in early 2005 will continue this year. The all milk price is expected to average between \$12.35 and \$12.85 a cwt for 2006, down from \$15.14 in 2005. Prices for cheese, butter and NDM are also expected to decline in 2006. Prices for Class IV milk will mirror the expected decline in butter and NDM prices. Class IV prices will likely average between \$10.45 and \$11.05 in 2006 compared with an average of \$12.87 in 2005. Although offset by slightly higher whey prices, lower cheese prices are expected to result in the Class III price averaging \$11.25-\$11.75 per cwt compared with \$14.05 in 2005.